Policy Brief

Local Government and Private Sector Partnership for Service Delivery:

The Case of Clean Water Supply in Cambodia

NCDD

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PONLOK CHOMNES

The Asia Foundation

CENTER FOR SUSTAINABLE WATER

DISCLAIMER

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1. BACKGROUND

For more than a decade, the government has initiated decentralization and deconcentration (D&D) process, with the aim of increasing responsiveness of service delivery, improving efficiencies and enhancing accountabilities. Under D&D reforms, responsibilities for providing government services are being shifted to Sub-National Administrations (SNAs), including the commune/Sangkat, district, municipal, or Khan, and capital and provincial levels of government. Strengthening the ability of the SNAs to deliver public services is a key to the success of this reform agenda. In 2021, the Royal Government of Cambodia (RGC) also adopted the National Program for Subnational Democratic Development (NP-SNDD) Phase 2, which emphasizes the role of effective SNA planning and strong Public Financial Management (PFM) systems for fiscal decentralization.

Clean water supply, including piped-water, is one of the essential services to be improved through the D&D reforms. In providing the services, the government, both national and sub-national, can either

1. Directly deliver services; or
2. Act as regulator and coordinator for private operators

In Cambodia, much attention has been given to the first role but less on the second role. The shrinking of the already limited fiscal space of the Government, due mainly to the COVID-19 crisis, suggests that the second role should be given more attention in the years to come. Available data indicates that there has been more financing support from non-state actors and even private investment in delivering services and investments, especially for public water supply, both in rural and urban areas.

However, the current partnership between SNAs in Cambodia and Private Water Operators (PWOs) has not been well-developed. According to the existing policy, the district, municipal or Khan (DMK) level is the intended main tier for service delivery, including on clean water. However, in reality, after more than a decade of D&D, the DMK level receives the least resource compared to the capital/provincial and commune/Sangkat levels. In addition, while the government's policy recognizes the importance of working with private sector to improve local services, the roles of DMK administrations in this regard have not been well-defined, nor

concrete mechanisms have been put in place. This limitation has not only undermined the roles of the DMK administrations but also the targeting and accountability around piped-water investment and service delivery.

2. STUDY OBJECTIVES

The research seeks to understand the current situation and possible future arrangements where local governments, especially district/municipal (DM) administrations, can work closely with PWOs to improve pipe-water services. The questions the research seeks to answer are:

- What are the current roles, institutional arrangement, and challenges of DM administrations in partnering with PWOs?
- What are the roles and challenges of PWOs?
- What should be the roles, working arrangements, and mechanisms to ensure effective partnerships between the two actors?

3. METHODOLOGY

This research is led by the Center for Sustainable Water (CSW) with collaboration with Secretariat of the National Committee for Sub-National Democratic Development (NCDD-S) and Volunteer for My Community (VMC) youths of the Ministry of Education, Youth and Sport.

The research involves the following activities:

- Key informant interviews with government, NGOs, and development partners working on water-related sectors
- Quantitative data collection/analysis
- Field survey with provincial, district, and commune administrations; PWOs; and households including marginalized groups
- Policy and document review

Districts selected for the study

- Sangkae in Battambang
- S'ang in Kandal
- Chhuk in Kampot
- Rukhak Kiri in Battambang

Four districts were selected based on level of urbanization, coverage of piped water by private operators, and number of piped-water private operators in the areas. Due to time and resources constraint, fieldwork sample of the study was small. However, the findings can be used as hypotheses which can be verified through a bigger sample should it be needed.

4. KEY FINDINGS

Clean water supply in Cambodia is governed by two ministries:

Ministry of Industry, Science, Technology and Innovation (MISTI)

MISTI governs commercial piped water supply provided by PWOs and public water utilities with relatively clear rules, regulations and standards regarding license, tariff, technical requirements and quality.

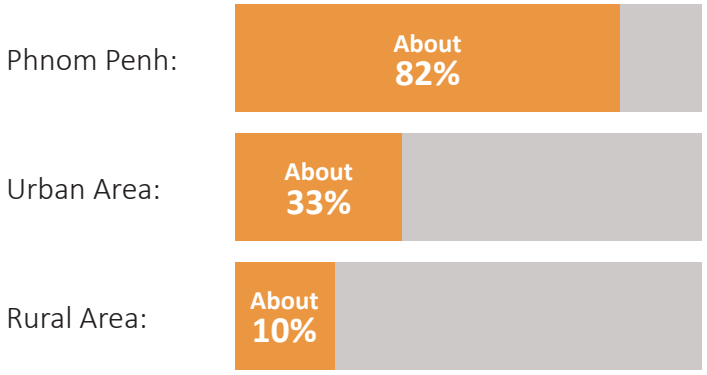
Ministry of Rural Development (MRD)

MRD governs piped/clean water supply under community management, usually with lower technical requirements, lower tariffs, smaller infrastructure size, and high levels of grant.

Access to improved drinking water sources[1]
in Cambodia has increased from

55% in 2014 to
80% in 2019/2020.

THE DISPARITY IN PIPED WATER ACCESS

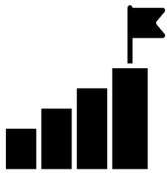


The disparities in piped water access remain especially between urban and rural populations. About 82% of the households in Phnom Penh had piped water into the dwellings, while about 33% of the households in the other urban areas and only 10% of the households in the rural areas had access to the piped water into the dwellings. A commonly used improved drinking water source was tube/piped well or borehole for the households which was about 38% in the rural areas, 24% in the other urban areas, but only 4.5% in Phnom Penh. Still many households in the rural areas fetched drinking water from the pond, river or stream, at about 12%.[2]

[1] Improved drinking water sources include piped water in the dwelling, piped into compound, yard or plot, public tab/sandpipe, tube/piped well or borehole, protected well, protected spring, rainwater collection and bottled water.

[2] Report of Cambodia Socio-Economic Survey 2019/2020

For rural water supply, key achievements of the enabling environment include strengthening the Provincial Working Groups (PWGs), establishing and strengthening the Management Information System (MIS), and establishing and strengthening the technical coordination platform on rural water supply.[3]



However, challenges remain such as financing, institutional capacity and coordination (effective planning, budgeting, management and engaging the private sector), and lack of climate change and disaster risk integrated into the design and management.

On the other hand, the coordination issues come from the fact that many government ministries, development partners, international and local NGOs, and private companies play many roles in the water and sanitation sector but with insufficient integration and coordination.

For urban water supply, MISTI is the leading ministry. Several key Prakas have been issued such as:

- #461 licensing
- #077 regular inspection
- #084 minimum technical standard
- #210 water quality standard
- #069 water tariff
- and guideline on urban clean water supply.

However, key challenges encompass limited human resources and capacity to support PWOs regarding regulation, capabilities, and investment capital.

The functions on clean water supply are placed under the Office of Economy and Community Development. This office is where the relevant functions under MRD and MISTI were transferred. For the MRD, the function transferred was 'Construction, repair, maintenance of rural water supply system,' whereas, for MISTI, it is 'Management of pipe-water system management (after being licensed by MISTI)'.

[3] National Action Plan on Rural Water Supply, Sanitation and Hygiene 2019-2023

According to the 2019 Sub-Decrees, four functions were transferred from MRD to DM administrations, including

- Development of rural roads
- Management and provision of rural water supply
- Management and provision of rural sanitation
- Management of community markets

For the water supply function, there is one sub-function, namely the 'Construction, repair and maintenance of rural water supply system'.

For MISTI, two functions were transferred to DM administrations, encompassing

1. Clean water supply; and
2. Provision of specific administrative services

The first one is elaborated as the 'Management of pipe-water system management (after being licensed by MISTI)'. The second function refers to the licensing of small-scale businesses with low risks and the investment value of fewer than 80 million riels (20,000 USD).

Less information is known about MISTI functional transfer compared to MRD. This is because MISTI is a relatively new ministry. Instead, the roles of DM administrations are found in MISTI Prakas and procedures for regulating PWOs. Among all the Prakas and guidelines, Prakas #461 (2014) is the most important one, with specific provisions on the roles of SNAs.

It is believed that the transfer of function on management of piped clean water supply business to the DM administrations would promote the efficiency of administration management, public service delivery and local development at the DM administrations.

However, the actual performance of the local governments in improving the access of clean and safe piped water is very limited due to the followings:

- The power transferred to the local government regarding piped clean water is too restrictive for them to perform the task effectively.
- The DM administrations are not equipped with the necessary means to implement the functions.
- The local governments still lack of resources to implement the new function successfully.

While coordinating/facilitating the development of clean water supply, the DM administrations faced a number of challenges such as:

- Out-migration of the local people
- Lack of participation of the local people due to their traditional practices and knowledge of using water and economic conditions
- Limited dissemination and awareness raising to local people due to geographical conditions and budget constraints
- Lack of tools and technical skills for testing water quality
- Unsustained water sources and water shortage in the dry season
- Limited capacity of technical working group to lead and facilitate the sector

For the PWOs, they have a significant role and strong potential to leverage private water investment further and reduce the burden of public investment or funding. Most small-scale private water supply systems in Cambodia have largely been initiated by the private sector, rather than being solicited by SNAs or the national government, in response to unmet local demand.

While making a significant contribution, most of PWOs have typically undertaken full financing, design, construction, and operations of water supply systems, and faced many challenges including

- Destruction of piped water supply system with no compensation
- Insufficient investment fund
- Unclear roles and responsibilities of local authorities
- Unsustained water sources
- Low household density
- Unfavorable geographic and demographic conditions
- Low willingness of local people to use clean piped water

Results of the Survey

Results of the survey with 206 households (in which 143 respondents were female and 50 respondents were categorized as vulnerable people) indicated that about 17% of them did not have piped clean water supply connected to their households, and vast majority of them used water from wells. No interest of PWOs in operating in their areas, no interest of villagers in using piped clean water, and unsustained water sources were the most mentioned reasons raised by them about not having piped clean water supply in their areas.

- Almost 50% of the households having access to the piped clean water supply had made some kinds of complaints to the PWOs regarding instability of water supply quality and quantity, high water fee, less responsiveness of customer services and difficulty in contacting them.
- However, about 17% of the complainers received unsatisfied or very unsatisfied responses, while nearly 40% of them received no response at all.
- Moreover, 20% of the households having access to the piped clean water supply used to contact the local authorities to inform about water supply related problems as well.
- Yet, 76.5% of them said that the local authorities tried to coordinate/facilitate the problems, but there was little/no improvement.
- While the other 23.5% said that the local authorities did not take any action.

Due to Covid-19, government budget for service deliveries was cut. The reduction in public expenditure somehow affected the implementing ministries/agencies to fully perform their activities to support the sector, while people who had limited/no access to clean water and sanitation services could not practice hand-washing frequently mainly due to lack of clean water which caused greater challenges and vulnerabilities to cope with the Covid-19.

Other impacts have been raised such as slow progress of clean water supply development and coverage expansion rate, suspended activities of the local government and PWOs, less effective training or capacity building programs with the use of online platform, and low income and willingness of investment of PWOs.

5. RECOMMENDATIONS

To ensure the effective partnership between local government and PWOs, according to the findings, the team has developed several recommendations:

I. District and Commune:

- Increase more budget at district and commune level
- With the limited budget, key activities should be prioritized
- Organize fund mobilization campaigns
- Strengthen the relationship between PWOs and authorities through a regular meeting
- Organize public forums and conduct regular monitoring
- Have local water and sanitation experts on a regular basis
- Build the capacity of the staffs on planning, management, monitoring, and coordination
- Integrate PWOs into district/commune development plan
- Provide more awareness-raising campaigns to local communities regarding the benefits of using clean water and the protection of water sources

II. Private Water Operator:

- Take responsibilities for every related problem that being raised by water users
- Improve their staffs' capacity in operation and management in compliance with the regulations
- Provide data to commune/district authorities including pipeline map
- Cooperate with commune authorities and local road construction companies in order to minimize the destruction of pipe network

III. Provincial Authorities:

- Encourage water supply investment
- Mobilize resources to invest in water supply
- Facilitate investors in implementing their projects

IV. Ministries:

- Keep reviewing and improving licensing procedures
- Speed up the development and issuance of detailed legal instructions, technical guidelines and operational manual on the relevant issues
- Broadly disseminate to the local governments and relevant agencies in order for them to have a clear understanding about their tasks, roles, and responsibilities as well as other procedures

V. Relevant Agencies:

- Need to work closely together in an integration manner in order to eliminate overlapping areas of operation, as well as roles and tasks
- Need to establish an effective communication platform where relevant agencies and PWOs can communicate, coordinate, and share information better

Center for Sustainable Water (CSW) is a local non-profit organization which was established in 2017. The initiative of CSW was made to meet the needs of human resources and create innovation in Water Resources Management (WRM) and Water, Sanitation and Hygiene (WASH) sectors with the aim of improving WRM and the provision of WASH services to people who do not have access to safe and sufficient clean water and sanitation.

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